

**MINUTES OF THE
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING
WEDNESDAY, FEBRUARY 10, 2010, 2:00 P.M.
Room 445, State Capitol**

Members Present: Sen. Howard A. Stephenson, Co-Chair
Rep. Merlynn T. Newbold, Co-Chair
Sen. Lyle W. Hillyard
Sen. D. Chris Buttars
Sen. Karen W. Morgan
Rep. Tim M. Cosgrove
Rep. Lorie D. Fowlke
Rep. Kevin S. Garn
Rep. Francis D. Gibson
Rep. Gregory H. Hughes
Rep. Bradley G. Last
Rep. Rebecca D. Lockhart
Rep. Marie H. Poulson
Rep. Phil Riesen

Staff Present: Ben Leishman, Legislative Fiscal Analyst
Patrick Lee, Legislative Fiscal Analyst
Karen C. Allred, Secretary

Public Speakers Present: Todd Hauber, Associate Superintendent, Utah State Office of Education
Larry Shumway, Superintendent, Utah State Office of Education
Kory Holdaway, Utah School Boards Association
Steve Peterson, Executive Director, Utah School Board Association
Jackie deGaston, Former Teacher, Provo School District

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Stephenson called the meeting to order at 2:29 P.M.

Approval of Minutes

There were no minutes to approve.

1. Federal Funds

Analyst Patrick Lee explained the Issue Brief on Federal Funds. The Federal Funds within the Public Education budget needs to be approved for FY 2011. The tables in the brief are a summary of the federal funds requested for the Utah State Office of Education (USOE), Child Nutrition Programs, Charter Schools, The Schools for the Deaf and the Blind, and some funds in the Minimum School Program. The motion sheet distributed to the subcommittee, motion #2, includes an additional \$14.7 million through the state office and is disbursed as part of Title I part A (AARA funding) and \$86 million is part of AARA as well.

MOTION: Rep. Newbold moved to adopt Motions 1, (a) through (h) on the amethyst colored motion sheet distributed to the subcommittee.

Rep. Newbold withdrew the motion.

MOTION: Rep. Newbold moved to approve the motion on federal funds, Motion 2, on the amethyst colored motion sheet distributed to the subcommittee.

Rep. Gibson asked for clarification on the Charter School Funding. Mr. Leishman responded that he thinks it is a multi-year grant until it runs out.

The motion passed unanimously with Sens. Hillyard and Buttars, and Reps. Fowlke, Garn, and Last absent for the vote.

Analyst Ben Leishman explained to the subcommittee each of the motions (a) through (h) on the motion sheet under Motion 1.

Sen. Morgan asked about letter (g), teacher salary. She asked what the need was, how many teachers are applying, how much is in that account currently, and if it is a one time appropriation. Mr. Leishman responded that it is an ongoing non-lapsing appropriation with \$3.7 million. In FY 2009 there was a balance of \$756,653, 1136 teachers applied for the funds and 781 qualified, resulting in not all of the funds being used in that year. In FY 2010 the amount may need to be pro rated per educator because there are more qualified applicants this year.

Rep. Hughes clarified that the need is there, but initially the awareness was not as high, but now it is becoming more popular.

MOTION: Rep. Newbold moved that we approve items (a) through (h), of Motion 1, on the amethyst colored motion sheet distributed to the subcommittee.

The motion passed unanimously with Sen. Buttars absent for the vote.

3. Follow up on Items from the February 8th Meeting

Todd Hauber reported on the funding for tests that was requested at the last meeting. The total budgeted for tests is \$11.1 million, \$5.3 million is state funds, and \$5.8 million is federal funding. The tests that are funded are the: DWA, UBSCT, UALPA, IOWA, and CRT. The funding for these tests was reduced \$1.6 million for FY 2010 so further cuts would be on top of what was already cut.

Rep. Cosgrove asked for clarification on the total. Mr. Hauber replied that coming into this fiscal year, \$1.6 was reduced from assessment, which is the cost of administrating the tests.

4. Subcommittee Discussion & Prioritization of the FY 2011 Budget

Co-Chair Stephenson commented that the Co-Chairs took the considerations of the subcommittee, met with staff, Superintendent Shumway and Superintendent Menlove for input to set the pattern for what is being presented to the subcommittee for the discussion.

Co-Chair Newbold commented that the discussion at our last meeting was helpful, and those suggestions were incorporated in the starting point of the handout distributed to the subcommittee.

Mr. Leishman discussed the Chairs proposal on the handout that was distributed. Several items were identified to add increased funding in order to maintain these programs. These programs are the voted and board leeway, educator salary adjustments, charter school local replacement, charter school administrative costs and initiative programs, particularly the ELL Software (Imagine Learning). In order to fund the 5% target reduction and the increase in these programs the committee needs to come up with \$144.3 million.

Sen. Morgan commented that it was her understanding that the reduction was \$293 million. Mr. Leishman responded that the one-time back fill for last year does not tie into this, the proposal discussed is in ongoing funds.

Co-Chair Newbold asked if the amounts proposed in the handout are an additional 3% from the 98% base budget adopted in H.B. 1, or an additional 5%. Mr. Leishman replied that they are a 5% reduction from the FY 2010 ongoing amount, which includes the additional 2% on H.B. 1.

Rep. Gibson asked if the Fine Arts and Science Outreach target amount is a 5% cut, since this program took a larger cut proportionately than any other program. Mr. Leishman responded that it has a 5% cut, and the USOE took a larger reduction last year than the arts and science program.

Mr. Leishman continued and explained the proposed 5% expenditure reductions.

Rep. Cosgrove asked if there are any funds left in the Minimum School Program line item "library books and electronic resources" budget. Mr. Leishman replied there is nothing left, it has been eliminated.

Mr. Leishman continued and explained the proposed one-time add backs and the on-going add backs. The only thing not on the list is adding in the one-time back fill provided in the FY 2010 budget.

Sen. Hillyard asked what would be the exact amount of back fill needed if education were left as it was last year and are there any items in the back fill for last year, that were fully covered, that is not covered by the across the board reduction. Mr. Leishman replied that the amount needed would be \$293.7 million, \$10 million in teacher supplies and \$750,000 in critical languages. The amount of back fill provided last year was \$282 million for Social Security and Retirement. The Local Discretionary Block Grant, the Quality Teaching Block

Grant, and the Career and Technology Education add on, had the funding completely taken, the rest was taken from the Social Security and Retirement, and only the Social Security and Retirement was back filled last year. Sen. Hillyard asked why the iSEE was cut more than POPS last year and if anything was proposed for growth in Public Education as an add on and how much would be needed to add growth. Mr. Leishman replied that the subcommittee elected to remove the funding for the RFP's in both programs, and the RFPs in science were more than POPS. The Basic School Program would need \$35 million dollars to fund growth, in order to adjust the new number of WPUs at same value. This is not shown on this handout. Sen. Hillyard asked about health insurance and retirement and if the handout reflects those issues. Mr. Leishman responded that nothing is reflected in health insurance and retirement because the mechanism to do so has been eliminated through Social Security and Retirement. The intent is to move that to the WPU value instead of a separate program for Retirement. Health insurance is adjusted to a percent increase to the value of the WPU. Sen. Hillyard expressed concern that capital was not given flexibility to move across the board and there ought to be some discussion on that issue. Some Superintendents would like that option. If it is implemented, each school could contract separately if they wanted a program that was cut in the arts or sciences. Mr. Leishman responded that the programs offer an economy of scale state wide.

Rep. Poulson asked if Transportation and Busing require the district to put the distance at 3 miles, or does the district have the option to set the distance. Mr. Leishman responded that districts currently have authority to transport students within the boundaries, but at their cost. The state is providing transportation for 3 miles away from state funds. Rep. Poulson asked why the decision was made to eliminate the entire Library Books and Electronic Resources budget. Co-Chair Newbold responded that it is an item that is first on the priority list of back fill. Rep. Poulson commented that in FY 2010, 17% was reduced, and in considering what was backfilled, asked if an additional 5% on top of the 17%, for a total of 22%, is being cut. Mr. Leishman responded that she was correct.

Sen. Morgan asked for clarification on the Critical Languages and the Carson Smith Scholarship and why these programs are not listed in the reductions portion of the handout. Mr. Leishman replied that in the Critical Languages an ongoing component is reduced, but there is also one-time funding each year. The goal for the Carson Smith Scholarship was to maintain enough funding to fund the same number of students next year, and are not part of the reduction because they are not cutting the ongoing base. Sen. Morgan asked about the 3 mile boundary in Transportation and would suggest that the districts have the discretion about the boundary limit. Mr. Leishman responded that the districts can adjust the mileage if they would like, but there are no savings if the boundary is left at 2 miles.

Rep. Last asked what the 2% increase in Retirement would be in dollars and commented that both Retirement and Health Insurance, with growth added in, the numbers get big fast. Mr. Leishman responded that he doesn't have that information, but will get it. Rep. Last asked if schools were to contract the science and arts programs, it would take a critical mass to operate. Some schools would want to contract and some would not, which would make it almost impossible to keep the programs going. He asked if using capital money for

maintenance and operation as an emergency measure is a possibility, what challenges would doing so create, and if some districts have a lot of money and others not much for those programs. Superintendent Shumway responded that some superintendents have said that using capital funds would help, some districts have fears attached. His personal feeling is that allowing that flexibility by leaving it to individual boards to decide, would add another tool in making reduction decisions. The School Board's position is to maximize flexibility and doing this would help. Rep. Last suggested that formulas which could provide additional funds for small school districts, such as the Regional Service Centers, is needed. These centers are critical to some of the small districts, and suggested considering a line item that would fund long term to help those centers, rather than taking away funding for service centers. The service center money was not distributed evenly.

Rep. Reisen asked about funding for the Beverly Taylor Sorenson program. Mr. Leishman responded that there is a little more than \$2.9 million in the Minimum School Program, which funds that program for less time, or at less money than originally planned. Co-Chair Stephenson asked how does this amount compare with FY 2010. Mr. Leishman replied that the total appropriation was for 4 years, of the \$15.8 million, \$5.8 million was taken and the program is operating on a lesser amount. It is still funded partly through next year, but not at the same scale.

Rep. Cosgrove. asked Superintendent Shumway if he would explain the proposed decrease in the WPU and how that impacts the schools. Superintendent Shumway responded that all are hoping in the end the WPU will not be cut. The reduction in the WPU last year, meant lower compensation for educators and employees, larger class size, less support for teachers, administrative cuts, and fewer school days. Rep. Cosgrove asked how much in class time does testing require and if federal funds can be transferred to be used in other areas. He asked if it would be a better use of funds to cut testing and use those resources to back fill the WPU. Superintendent Shumway responded that a significant amount of federal funds are determined by fairly specific rules and the USOE would be penalized if the funds were used differently. CRT's are tests upon which all federal funds rely. A task force has been looking into the class time involved in testing.

Rep. Hughes asked for clarification on the Beverly Taylor Sorenson Scholarship. His understanding is that the Governor's budget had funded it fully, and the State was going to fund it fully. He asked what the Governor's funding is, and wants to make sure it is funded with enough money to make it functional. Mr. Leishman responded that everything remaining in that fund will be used this year. The Governor's funding was \$1.3 million.

Sen. Hillyard commented that when the fund was originally set, it was \$4 million per year for 4 years. Reductions took from it \$2.3 million and the Governor suggested adding \$1.3 million to help it, which is the recommend add back on the handout. He commented on the tremendous pressure the Executive Appropriations Committee is under to bring all of the budget reductions together to be funded.

Rep. Garn explained that originally there was a partnership with Beverly Taylor Sorenson and the State to fund this with equal dollars. Not funding the State's portion is not a good message to send.

MOTION: Rep. Garn moved to restore 700,000 to the Beverly Taylor Sorenson Art Works for Kids program, by reducing the WPU fund by \$700,000.

Todd Hauber clarified that for FY 2009, \$3 million was funded, in the current year \$3.5 million is being funded, leaving \$2.8 million available for distribution for FY 2011, for the Beverly Taylor Sorenson Scholarship. There will be no funding for the fourth year.

Sen. Stephenson asked Rep. Garn where the \$700,000 was coming from in his motion. Rep. Garn responded that reducing the WPU would have the least impact. Sen. Stephenson asked if there were any one-time money that could fund the scholarship. Mr. Leishman responded that it could be taken from on-going sources, and there is no one-time money in the FY2011 budget.

Substitute Motion: Newbold moved to add an additional \$700,000 under the additional one-time add backs, as one of the subcommittees priorities to add back in the event Public Education is given additional monies.

Sen. Morgan commented that she was going to make the same substitute motion and supports this motion. This is a better way to fund the scholarship than with the WPU.

Rep. Gibson asked for clarification on the handout, if the front side is the additional costs, and the back side is the add backs if there is extra monies. Mr. Leishman responded that the front is the list of areas to identify the 5% reduction, and the back page is the priority list of how to add the reductions back if the full 5% is not cut.

Rep. Garn supports the substitute motion, and feels that it is a better motion.

The motion passed unanimously with Sen. Hillyard and Rep. Lockhart absent for the vote.

Rep. Gibson commented that there is another proposal by the School Board and asked if that proposal could be introduced and explained to the subcommittee before voting on the Chairs proposal. Co-Chair Stephenson responded that the Superintendent will explain the proposal they made.

Superintendent Shumway distributed a handout and explained that the USOE goal has been to not come to the subcommittee with ideas that would not fit into the hard task at hand. He pointed out key differences between the Boards proposal and the Chairs proposal. There were many Programs that USOE wanted to avoid eliminating or targeting with reductions and maintain the programs current funding. These programs are the Beverly Taylor Sorenson Scholarship through next year, critical languages, and the ELL software program. Shifts have been made in the budget to accommodate those programs. The aim is to cut

proportionately and add back proportionately if money is available. The key differences between the two proposals are that the USOE distributed cuts through the programs, and the WPU reflects those cuts; and to fix the Board and Voted Leeway with funds added to that line to make sure that the poorest districts are not hit twice. The board has done their best to maintain programs that showed value. There are two approaches to the Transportation line item, to make a cut or to change the mileage restrictions. USOE thinks they should move the mileage number out to reduce that program. The reduction in all the programs are very much proportionate and the recommendations only deal with the Minimum School Program.

Sen. Buttars asked if Transportation was reduced by \$5 million, and how was that reduction made. Superintendent Shumway responded that the reduction corresponds with the change in the service requirement, which is currently 1.5 miles for elementary schools and 2 miles for secondary schools. A new mileage number to reduce the line is proposed and it is expected to change to 3 miles for secondary schools. Sen. Buttars asked if the proposed net is just under \$5 million. Superintendent Shumway responded that the number is a fixed number and the change in the service would be adjusted to what the need would be.

Co-Chair Stephenson asked Mr. Leishman to explain the Chairs' proposal which is on the blue sheet distributed to the subcommittee. The Chairs protected some line items from being reduced. The protected items are: to maintain the \$25.25 reimbursement rate for the Voted and Board Leeway; a proportional reduction amount made for Educator Salary Adjustments was removed; and the Charter School Local Replacement was funded entirely, according to the statutory amount per student. These created additional costs that were not in the Boards proposals. Superintendent Shumway responded that the WPU is lower in the Board's proposal because the programs that the Board chose to fund have to come from somewhere, in this proposal it comes from the WPU. Another major difference is programs that have been funded with one time money, that they want to continue, have been put in the budget as ongoing, such as teachers supplies. The Board recognizes that it is the subcommittee's responsibility to make the appropriations, but the responsibility to manage the programs falls on the State Board and the Board would hope the subcommittee would acknowledge that this is the reason they have become so involved, by giving suggestions to the subcommittee.

Rep. Hughes asked for clarifications on the Board's proposal of the Beverly Taylor Sorenson Art Enhancement Program and what would be the end dollar amount in the next fiscal year. Superintendent Shumway responded that the dollar amount is \$3.448 million, which is the full amount minus the same proportionate cut as in the other programs. They have increased the programs to the amount needed for growth and then cut proportionately across all the programs. Rep. Hughes asked where the Teacher Supplies and Materials is being mixed back in and if that lowered the WPU. Superintendent Shumway replied that it was put in at \$10 million and then took the same proportionate cut. The WPU is receiving

the same cut as all the other programs.

Rep. Cosgrove asked for clarification. The FY2010 budget shows a 17% cut, in FY2011 with the 5% cut, it makes it a 22% cut, and asked if the money that was not back filled was counted in the percent cut. Superintendent Shumway responded that the bottom line is the same and the FY 2011 budget number is the same as in the chairs' proposal.

Rep. Poulson asked how the Board would add funds back if there is extra funding. Superintendent Shumway replied that money would be added back the same way as the reductions were made, proportionately across the board.

Co-Chair Stephenson responded that the Chairs would fund prioritized programs and any additional add back would go to the WPU. Co-Chair Stephenson commented that he hopes the add backs will be large. The School Board's proposal hits the WPU more severely than the Chairs proposal, and then adds back evenly across all line items which also causes the WPU to suffer more. The Chairs are proposing that once the top priority programs are funded, then the remaining add backs will go to the WPU. There is an impact to this budget that is hitting the classroom. If there are add backs, it should go to the WPU. Sen. Stephenson feels that the classroom and the WPU need the funding with whatever is given back, and the programs can handle the reductions.

Superintendent Shumway commented that he would ask the Chairs to meet with the State Board, with Sen. Stephenson's statement. Most of the below the line programs affect students. The hard thing to look at is the idea that we "funded growth", but cutting so much out of the budget doesn't equate to funding growth. If the WPU doesn't show the cut then no one knows the cuts were made. The USOE feel that the WPU should reflect cuts as well as the rest of the lines.

Mr. Leishman clarified the figures that Sen. Hillyard referred to when he discussed the funding of last year's enrollment growth earlier in this meeting. The cut to Public Education was \$35 million higher toward the end of the session. A compromise was worked out to adjust the total reduction of \$172 million, by adding back to enrollment growth.

Sen. Buttars commented that there should be a program to allow for accelerated graduation, and would like to know why the Superintendent isn't more excited about that proposal. Superintendent Shumway feels that it is problematic to take the 12th grade as a budget cut half way through the year. Sen. Buttars' proposal is a multi-year project and isn't an immediate budget savings that could be proposed in the budget.

Rep. Hughes asked for clarification on not prioritizing below the line and asked if the in-class funding is there, and do these programs affect the classroom. He liked the idea of

proportionate reductions, and commented that Sen. Buttars proposal is similar to a program advocated by Governor Leavitt, and must be considered to save funds. The proposal is not new, and should be considered as a solution to be looked into. Co-Chair Stephenson commented that none of the presentations described the impact of a cut in the WPU, the effect of all that is going on in the classroom in a day to day basis. If we were seeing the reality of the cuts, class sizes would increase so much that the committee will wish they had not cut the WPU. Superintendent Shumway responded that the presentations discussed how the cuts affected the schools across the state, and would think a middle ground would be to start with proportional cuts and restore along the lines the chairs have proposed. Rep. Hughes replied that the items are intertwined with how large class sizes are managed and suggested looking at smart policy that deals with these challenges, and not pull back from that in a disproportionate way.

Rep. Poulson complimented proposals, and requests that the subcommittee not have to make a final decision today.

Rep. Reisen asked if the subcommittee could hear from the public in the audience who deal directly with the concerns expressed.

Kory Holdaway, Utah School Board Association (UEA), said that the UEA is very concerned that, unlike other issues, public education is a constitutional responsibility that legislators have. The State is at a tipping point with regards to services that can be provided with the resources available. This year is the first time new growth has not been funded. Citizens represented by the subcommittee feel education is important, and Mr. Holdaway wants to remind the subcommittee of the value of protecting the WPU. He agrees that keeping the value of the WPU as high as possible is the right thing to do.

Rep. Reisen asked if Mr. Holdaway has any numbers that reflect classroom size. Mr. Holdaway replied that it depends on the district and how it absorbs the cuts relative to the WPU. It will be an increased number of pupils in a classroom with a 5% cut.

Rep. Cosgrove asked how does one keep a comprehensive education without the resources that are needed and who is to say what helps individual students achieve. Mr. Holdaway responded that the Minimum School Program is complex and all programs are very valuable, however, the WPU is the bottom line and is the primary funding method of the schools. He hope the subcommittee can look at some revenue increases.

Steve Peterson, Executive Director, Utah School Board Association, commented that the President of the Jordan School Board, shared with him challenges that school district is facing with budget cuts, and the only way to meet reductions is to put four more students in the classes to make it work. Co-Chair Stephenson responded that the Jordan School Board

is facing additional cuts not from the State.

Rep. Cosgrove asked Mr. Peterson how Jordan District is able to still maintain the comprehensive education. Mr. Peterson said it is a difficult time and the key to education is the teachers, and the subcommittee needs to do whatever it can do to help the teachers.

Jackie deGaston, Former Teacher, Provo School District commented that as a teacher, the programs didn't affect the teacher, children or parents, but what affected them was the classroom. Programs can come and go, but teachers are important. The WPU is the most important.

Co-Chair Newbold commented that it has been extremely challenging and painful to make this budget with the required reductions. Each of the districts that were heard from in the subcommittee did different things to deal with the reductions. It is the individual classes and teachers that have to deal with the decisions made by this subcommittee and should be given latitude through the WPU.

Rep. Hughes asked Superintendent Shumway if USOE is looking to cut the WPU. Superintendent Shumway replied "absolutely not"! Co-Chair Stephenson responded that the Board's proposal funds the WPU lower than the Chair's proposal. Superintendent Shumway commented that in some ways it does, but feels that proportionate cuts are so important and these are programs that have all come from the Legislature. The USOE wants to be partners in programs that help kids.

Sen. Morgan presented a proposal, which was distributed to the subcommittee, which consolidates or moves some line items. None of the funds on the items have been changed. Two programs, under initiative programs, that partner with Utah State University (USU), Sound Beginnings and ASSERT, she feels should be transferred to USU's budget. The Compensation Pilot Program would be better put into the Initiatives Programs. Social Security and retirement should be consolidated above the line into the Basic School Program, and a couple of initiatives taken out of the budget.

Mr. Leishman explained Sen. Morgan's proposal further. The Electronic High School should be moved to the USOE's budget, because that is where it is managed. The Public Education Job Enhancement Program should be moved to the Initiative Programs to the areas that impact education, but not related in statute to the MSP. This area contains other contracts or scholarships. The At Risk Programs and Interventions for Student Success should be collapsed into one block grant, and all of accelerated learning programs collapsed into an Accelerated Learning Block Grant. The Legislative Initiatives would be isolated visually to be noticeable and easy to find.

Sen. Morgan would welcome feedback before tomorrow and would like to take a motion on these changes tomorrow.

Rep. Cosgrove complimented and expressed appreciation to the Chairs on their work.

MOTION: Rep. Cosgrove moved to adjourn.

Co-Chair Stephenson adjourned the meeting at 5:11P.M.

Minutes were reported by Karen C. Allred, Senate Secretary

Sen. Howard A. Stephenson, Co-Chair

Rep. Merlynn T. Newbold, Co-Chair